

## Fact Sheet: Treasury's Efforts on Hurricane Recovery

### **Tax Relief**

- The Internal Revenue Service (IRS) has extended upcoming deadlines for filing and tax payments to January 3, 2006 for those affected by Hurricane Katrina. A toll-free number is available to assist those taxpayers affected by Hurricane Katrina (1-866-562-5227).
- Treasury and IRS have announced special relief intended to support leave-based donation programs to aid victims who have suffered from the extraordinary destruction caused by Hurricane Katrina. This action allows employers to adopt programs under which employees could forego vacation, sick or personal leave, and in turn their employers would make cash contributions to charitable organizations involved in relief efforts. This provides an easy way for people to make tax free donations to charitable organizations assisting Katrina victims.
- IRS is waiving the usual fees and will expedite requests for copies of previously filed tax returns for people who need these records to apply for benefits or to file amended returns claiming disaster-related losses.
- IRS telephone operators are helping the Federal Emergency Management Agency (FEMA) answer telephone calls from Hurricane Katrina victims. The IRS has 2,743 employees taking calls to help people with the FEMA registration process. By Friday, the number of IRS employees will reach nearly 5,000.
- IRS has launched an on-site assistance operation in partnership with FEMA, with sites now open in Alabama and Houston, Texas. They hope to open sites in San Antonio and Dallas in the coming days, while projecting on-site assistance at approximately 75 locations in the weeks ahead.
- In response to shortages of clear diesel fuel, IRS will not impose a tax penalty when dyed diesel fuel is sold for use or used on the highway, making millions of additional gallons of diesel fuel available for highway use.
- In order to alleviate local fuel shortages caused by Hurricane Katrina, IRS is permitting vehicles registered for highway use to remove aviation-grade kerosene (aviation fuel) from certain airports without violating the favorable excise tax treatment to which those airport fueling terminals are currently entitled.
- IRS is providing issuers of tax exempt bonds affected by Hurricane Katrina with additional time to file certain information returns and arbitrage rebate returns. Affected issuers who have an original filing or payment deadline between August 29, 2005 and December 31, 2005 have until January 3, 2006 to file the return and make any payment due with the return.

- IRS has waived the low-income housing tax credit rules that prohibit owners of low-income housing from providing housing to victims of Hurricane Katrina who do not qualify as low-income. The action will expand the availability of housing for disaster victims and their families.
- IRS has extended the pension funding deadline for employers in the Katrina affected region. The deadline has been extended to October 31, 2005.
- IRS is expediting the review and approval process for new organizations seeking tax-exempt status in order to provide relief for victims of Hurricane Katrina.
- IRS signed a Memorandum of Understanding with the American Institute of Certified Public Accountants (AICPA) to partner in assistance efforts, outlining how IRS and AICPA will work together to provide on-site assistance as well as general outreach/education to taxpayers impacted by the disaster.
- IRS is providing guidance related to the tax treatment of ship operators transporting petroleum and refined petroleum products pursuant to the Department of Homeland Security's waiver of the Merchant Marine Act of 1920 and related laws. Guidance is also provided related to the treatment of the crew members of ships operating pursuant to the waiver.
- The Alcohol and Tobacco Tax, and Trade Bureau (TTB) will consider waiving late filing, payment, or deposit penalties on taxpayers making payments or deposits of excise taxes.
- Businesses may file claims for refunds on federal excise taxes on beverage alcohol and tobacco products destroyed as a result of the disaster.
- IRS and Treasury announced that 401(k) plans and similar plans, such as those under section 403(b), will be permitted to make loans and hardship distributions to victims of Hurricane Katrina.

#### **New Markets Tax Credit Program**

- Treasury and the Community Development Financial Institution (CDFI) Fund have taken action to encourage investment in areas affected by Hurricane Katrina by implementing changes to the New Markets Tax Credit (NMTC) program in response to the recent declarations of "major disaster" by the FEMA. The CDFI Fund will (1) provide NMTC Program allocation application deadline extensions, on a case-by-case basis, to organizations whose principal place of business is located in counties where FEMA issued a 'major disaster declaration' as of July 15, 2005 and (2) modify the NMTC Program allocation application so that additional consideration will be given to organizations that commit to target their investment activities to counties where FEMA issued a 'major disaster declaration' as of July 15, 2005.

### **Federal Payments**

- Treasury is working with the Social Security Administration, the Veterans' Administration and the United States Postal Service to ensure that payments are received by beneficiaries and the replacement payments are made timely.
- Guidance has been issued to financial institutions to facilitate cashing of Treasury checks.
- Treasury is working with commercial financial institutions to set up mobile banking services at relief centers, starting with Houston and Lackland AFB.

### **Banking/Insurance Sector**

- Banking supervisors and regulators are allowing depository institutions to co-locate so that banks whose branches were destroyed by Katrina can reopen in another bank's branch and begin serving their customers again.
- Temporary facilities, such as mobile trailers, are being moved into the area for use by banks.
- The insurance industry is prepared to act very swiftly to settle claims, and already has 10,000 adjusters ready to go. We stand ready to help them with any needs, including coordinating with FEMA and access to NOAA aerial photos.

### **Federal Banking Agencies**

- The federal banking agencies are encouraging financial institutions to assist institutions in the region and consider all reasonable and prudent actions that could help meet the critical financial needs of their customers and communities.
- The federal banking agencies have encouraged, to the extent they are consistent with safe and sound banking practices, actions such as waiving ATM fees for customers and non-customers, increasing ATM daily cash withdrawal limits, easing restrictions on cashing out-of-state and non-customer checks, waiving overdraft fees as a result of paycheck interruption, allowing loan customers to defer or skip some payments, and easing credit card limits and credit terms for new loans.
- The federal banking agencies, in consultation with the Financial Crimes Enforcement Network (FinCEN), have also encouraged depository institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by Hurricane Katrina, as required in the Customer Identification Program under the Bank Secrecy Act.
- Treasury and the Office of Thrift Supervision (OTS) are providing assistance to thrifts and their customers affected by Hurricane Katrina. Those needing assistance should call OTS's Midwest Region Consumer Affairs toll-free hotline number (1-800-958-0655).

### **U.S. Savings Bonds**

- Treasury and the Bureau of Public Debt (BPD) have provided guidance on cashing savings United States Savings Bonds within the minimum 12-month holding period and expediting the replacement of bonds for those affected by Hurricane Katrina.

### **Treasury Forfeiture Fund**

- The Treasury Forfeiture Fund is working to come to the aid of Hurricane Katrina victims. Customs and Border Protection (CBP), Department of Homeland Security, the custodial bureau for the Fund's seized and forfeited property is making available seized goods to the victims of Hurricane Katrina as well as providing substantial effort toward the search and rescue effort. Roughly 100,000 items of new clothing have been delivered to the hurricane victims, as well as much needed socks and shoes, dog food, toys for children and clean sheets and blankets.

### **Financial Education**

- The Department of the Treasury's Office of Financial Education has developed an informational handout with financial tips and resources.